



Arnold Schwarzenegger  
Governor

October 7, 2010  
22M:393:mem:1075

Mr. Bryan Rogers, Executive Director  
Pacific Gateway Workforce Investment Network  
3447 Atlantic Avenue  
Long Beach, CA 90807

Dear Mr. Rogers:

AMERICAN RECOVERY AND REINVESTMENT ACT  
PROGRAM REVIEW  
FINAL MONITORING REPORT  
PROGRAM YEAR 2009-10

This is to inform you of the results of our review for Program Year (PY) 2009-10 of the Pacific Gateway Workforce Investment Network's (PGWIN) activities funded by the American Recovery and Reinvestment Act of 2009 (ARRA). We focused this review on the following areas: program administration, local level monitoring, management information system/reporting, incident reporting, nondiscrimination and equal opportunity, grievance and complaint system, and program operations including ARRA activities and participant eligibility.

This review was conducted by Ms. Molly Maloney from February 1, 2010, through February 4, 2010.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by PGWIN with applicable federal and state laws, regulations, policies, and directives related to the ARRA grant.

We collected the information for this report through interviews with PGWIN representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of selected case files, PGWIN's response to Sections I and II of the ARRA Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2009-10.

Because PGWIN did not respond to the draft monitoring report, we are releasing it as the final report. Therefore, finding one remains unresolved and is assigned Corrective Action Tracking System (CATS) number 10110.

**BACKGROUND**

For PY 2009-10, PGWIN was allocated: \$1,992,263 to serve 10,300 adult participants; \$2,101,679 to serve 341 youth participants; and \$1,275,413 to serve 725 dislocated worker participants. The PGWIN transferred \$501,111 of dislocated worker funds to the adult program.

For the quarter ending December 2009, PGWIN reported the following expenditures for its ARRA funded activities: \$502,958 for adult participants; \$2,404,792 for youth participants; and \$401,962 for dislocated worker participants. In addition, PGWIN reported the following enrollments: 1,163 adult participants; 14 youth participants; and 617 dislocated worker participants. We reviewed case files for 45 of the 1,785 adult and dislocated worker participants enrolled in ARRA funded activities as of February 1, 2010.

**PROGRAM REVIEW RESULTS**

While we concluded that, overall, PGWIN is meeting applicable ARRA requirements, we noted an instance of noncompliance in the area of youth literacy and numeracy testing, our recommendation, and PGWIN proposed resolution of the finding is specified below.

**FINDING 1**

**Requirement:** WIA Section 136 states, in part, that the purpose of this section is to establish a comprehensive performance accountability system to assess the effectiveness of States and local areas in achieving continuous improvement of workforce investment activities funded under this subtitle to optimize the return on investment of Federal funds in Statewide and local workforce investment activities.

20 CFR Section 667.300(b)(1) states, in part, that a State or direct grant recipient may impose different forms or formats, shorter due dates, and more frequent reporting requirements on subrecipients.

TEGL No. 17-05 states, in part, that for a participant to be included in the literacy and numeracy gains measurement the participant must demonstrate on a post-test that he/she has advanced one or more educational functioning levels beyond the level in which he/she was initially placed at pre-test within one year from the date of first youth program service. Additionally, while states, grantees, or contractors are not required to use the same assessment tool throughout their jurisdiction, the following must be adhered to in choosing an assessment tool: (1) the same assessment tool must be administered to the participant for

pre-testing and post-testing and (2) tests must be administered in a standardized manner throughout the jurisdiction (i.e. used consistently and reliably across programs and produce observable results). Additionally, the assessment instrument is the data source to be used to measure literacy and numeracy gains.

TEGL No. 17-05 Attachment C – Educational Functioning Level Descriptors lists the following approved assessment tools: Adult Basic Learning Examination (ABLE), Test of Adult Basic Education (TABE), Comprehensive Adult Student Assessment System (CASAS), Basic English Skills Test (BEST), and WorkKeys.

TABE is published by CTB/McGraw-Hill (CTB). The “Frequently Asked Questions about TABE,” states, in part, that if it is intended that students are pre-tested and post-tested to show gain or improvement over time, then both test forms on the same scale would be recommended. For example, if a student is pre-tested with test form 7, the student should be post-tested with test form 8 or if a student is pre-tested with test form 10, the student should be post-tested with test form 9. Additionally, if retesting with the same level and form that was used in the pre-test, American Psychological Association (APA) guidelines indicate that at least six months should elapse between the test administrations.

**Observation:**

We found that four of PGWIN's youth service providers are incorrectly administering the TABE test. One youth service provider uses the TABE Locator test for all pre- and post-tests. The other three youth service providers use the same level TABE test for all pre- and post-tests. For example, TABE Survey D form 8 is used for both pre- and post-tests. Therefore, the literacy and numeracy test scores reported by PGWIN to the JTA system are based on the improper use of the TABE test. As a result, the literacy and numeracy outcomes for youth enrolled with these service providers appear to be invalid.

**Recommendation:**

We recommended that PGWIN provide the Compliance Review Office (CRO) with a CAP, including a timeline, to address how currently enrolled and future youth participants' literacy and numeracy gains will be appropriately measured and reported. In addition, we recommended that PGWIN provide guidance to its youth service providers to ensure their understanding of the requirements of TABE testing.

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**PGWIN Response:** The PGWIN did not respond to the draft monitoring report for this finding.

**State Conclusion:** Because PGWIN did not respond to our draft monitoring report, we cannot resolve this issue. We will consider resolving this issue when PGWIN submits to CRO the documentation requested above. Until then, this issue remains open and has been assigned CATS number 10110.

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Office. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than November 4, 2010. Please submit your response to the following address:

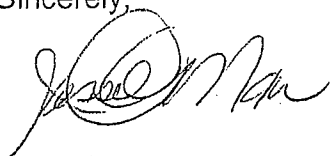
Compliance Monitoring Section  
Compliance Review Office  
722 Capitol Mall, MIC 22M  
P.O. Box 826880  
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is PGWIN's responsibility to ensure that its systems, programs, and related activities comply with the ARRA grant program, federal and state regulations, and applicable state directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain PGWIN's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Mechelle Hayes at (916) 654-1292.

Sincerely,



JESSIE MAR, Chief  
Compliance Monitoring Section  
Compliance Review Office

cc: Jose Luis Marquez, MIC 50  
Daniel Patterson, MIC 45  
Georganne Pintar, MIC 50  
Gilbert von Studnitz, MIC 50